

AMENDED IN SENATE JULY 23, 2009

CALIFORNIA LEGISLATURE—2009—10 FOURTH EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 15

**Introduced by Assembly Member Evans Members Gaines, Caballero,
Conway, Garrick, and Torres**

July 2, 2009

An act relating to the Budget Act of 2009. An act to amend Section 41204.1 of the Education Code, to amend Sections 6585, 6588, 6590, 6591, 6592, and 6599.3 of, and to add Section 6588.6 to, the Government Code, to amend Section 33681.12 of the Health and Safety Code, and to add Section 100.06 to the Revenue and Taxation Code, relating to local government finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 15, as amended, ~~Evans~~ **Gaines**. ~~Budget Act of 2009~~. *Property tax revenue allocations.*

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue among local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

The California Constitution prohibits the Legislature from enacting a statute that modifies the manner of apportioning ad valorem property tax revenues so as to reduce the percentage of the total amount of ad valorem property tax revenues that are collected countywide and allocated among all local agencies, as defined, in a county below the

percentage that these agencies would receive under the law in effect on the operative date of that prohibition. The California Constitution authorizes the suspension of that prohibition for a fiscal year, if certain conditions are met, including the condition that a full repayment is made to local agencies in an amount equal to the total amount of revenue losses, including interest, resulting from modifications of ad valorem property tax allocation to local agencies.

This bill would generally require the auditor of each county to reduce the amount of ad valorem property tax revenue apportionments to each local agency for the 2009–10 fiscal year by 8% of the total amount of ad valorem property tax revenue apportioned to that local agency in the 2008–09 fiscal year, and would require each county auditor to transfer those revenues to a Supplemental Revenue Augmentation Fund, to be transferred therefrom by the county office of education to the Controller in amounts as directed by the Department of Finance to reimburse the state for costs of providing various services in that county. This bill would require full repayment to local agencies of the reduction amounts, including interest, as determined by the Controller, and would make an appropriation therefor. This bill would authorize the issuer of bonds issued pursuant to provisions of this bill, or any local agency that did not participate in the sale of its right of repayment as provided in this bill, to seek a writ of mandamus exclusively in the California Supreme Court, if full repayment to local agencies has not occurred as of a specified date.

The Marks-Roos Local Bond Pooling Act of 1985 authorizes joint powers authorities to, among other things, issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs. In addition, a joint powers authority may purchase, with the proceeds of its bonds or its revenue, a local agency’s right to payment of moneys due or to become due to a local agency out of funds payable in connection with vehicle license fees to a local agency pursuant to specified provisions of law, also known as a “VLF receivable,” and may pledge, assign, resell, or otherwise transfer any of these receivables for the purpose of securing bonds issued to finance the purchase price of the receivables, subject to specified criteria.

This bill would additionally authorize a joint powers authority to purchase, with the proceeds of bonds or its revenue and subject to the same criteria, a local agency’s right to receive moneys in repayment of its revenue losses, with interest as provided by law, resulting from the modification of ad valorem property tax revenue allocations

described above. This bill would also require the authority to purchase all of these receivables offered for sale by local agencies to the extent that it can sell bonds therefor, and would authorize the authority to impose an administrative fee for the costs of administering the purchase.

By modifying the manner in which county auditors apportion ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on July 1, 2009.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on July 1, 2009, pursuant to the California Constitution.

This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

~~The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on July 1, 2009.~~

~~This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on July 1, 2009, pursuant to the California Constitution.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 41204.1 of the Education Code is amended*
2 *to read:*

3 41204.1. (a) (1) Pursuant to paragraph (2) of subdivision (b)
4 of Section 41204, the Director of Finance shall annually adjust
5 “the percentage of General Fund revenues appropriated for school
6 districts and community college districts, respectively, in ~~the fiscal~~
7 year 1986–87 ~~fiscal year~~” for purposes of applying paragraph (1)
8 of subdivision (b) of Section 8 of Article XVI of the California
9 Constitution, to reflect those property tax revenue allocation
10 modifications required by the qualifying provisions in a manner
11 that ensures that those modifications will have no net fiscal impact
12 upon the amounts that are otherwise required to be applied by the
13 state for the support of school districts and community college
14 districts pursuant to Section 8 of Article XVI of the California
15 Constitution.

16 (2) For purposes of this section, “qualifying provisions,” means
17 all of the following:

18 (A) The amendments made to Chapter 6 (commencing with
19 Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation
20 Code and Article 7 (commencing with Section 33680) of Chapter
21 6 of Part 1 of Division 24 of the Health and Safety Code during
22 the 1991–92 Regular Session to the 2003–04 Regular Session,
23 inclusive, and during any Extraordinary Session concurrently held
24 during those session years, inclusive.

25 (B) Section 97.80 of the Revenue and Taxation Code.

26 (C) *Section 100.06 of the Revenue and Taxation Code.*

27 (b) Notwithstanding any other provision of law, for the 2004–05
28 fiscal year and each fiscal year thereafter, “the percentage of
29 General Fund revenues appropriated for school districts and
30 community colleges districts, respectively, in fiscal year 1986–87,”
31 for purposes of paragraph (1) of subdivision (b) of Section 8 of
32 Article XVI of the California Constitution, shall be deemed to be
33 the percentage of General Fund revenues that would have been
34 appropriated for those entities if the qualifying provisions had been
35 operative for the 1986–87 fiscal year.

36 (c) It is the intent of the Legislature in enacting the act adding
37 this section to ensure both of the following:

1 (1) That the changes required by the qualifying provisions in
2 the allocations of ad valorem property tax revenues do not have a
3 net fiscal impact upon school districts, as defined in Section
4 41302.5, or community college districts.

5 (2) That the changes required by the qualifying provisions in
6 the allocations of ad valorem property tax revenues do not have a
7 net fiscal impact upon the amounts of revenue otherwise required
8 to be applied by the state for the support of school districts and
9 community college districts pursuant to Section 8 of Article XVI
10 of the California Constitution.

11 *SEC. 2. Section 6585 of the Government Code is amended to*
12 *read:*

13 6585. The definitions in this section shall govern the
14 construction and interpretation of this article.

15 (a) “Authority” means an entity created pursuant to Article 1
16 (commencing with Section 6500). In the case of an authority
17 issuing bonds pursuant to this chapter in which VLF receivables,
18 as defined in subdivision ~~(i)~~ (j), or *Proposition 1A receivables*, as
19 *defined in subdivision (g)*, are pledged to the payment of the bonds,
20 other than VLF receivables or *Proposition 1A receivables* so
21 pledged for a county of the first class, an authority shall consist of
22 not less than 100 local agencies.

23 (b) “Bond purchase agreement” means a contractual agreement
24 executed between the authority and the local agency whereby the
25 authority agrees to purchase bonds of the local agency.

26 (c) “Bonds” means bonds (including, but not limited to,
27 assessment bonds, redevelopment agency bonds, government
28 issued mortgage bonds, and industrial development bonds), notes
29 (including bond, revenue, tax, or grant anticipation notes),
30 commercial paper, floating rate, and variable maturity securities,
31 and any other evidences of indebtedness and also includes
32 certificates of participation or lease-purchase agreements.

33 (d) “Cost,” as applied to a public capital improvement or portion
34 thereof financed under this part, means all or any part of the cost
35 of construction, renovation, and acquisition of all lands, structures,
36 real or personal property, rights, rights-of-way, franchises,
37 easements, and interests acquired or used for a public capital
38 improvement; the cost of demolishing or removing any buildings
39 or structures on land so acquired, including the cost of acquiring
40 any lands to which the buildings or structures may be moved; the

1 cost of all machinery and equipment; finance charges; interest
2 prior to, during, and for a period after, completion of that
3 construction, as determined by the authority; provisions for
4 working capital, reserves for principal and interest and for
5 extensions, enlargements, additions, replacements, renovations,
6 and improvements; the cost of architectural, engineering, financial
7 and legal services, plans, specifications, estimates, administrative
8 expenses, and other expenses necessary or incident to determining
9 the feasibility of constructing any project or incident to the
10 construction or acquisition or financing of any public capital
11 improvement.

12 (e) “Legislative body” means the governing body of a local
13 agency.

14 (f) “Local agency” means a party to the agreement creating the
15 authority, or an agency or subdivision of that party, sponsoring a
16 project of public capital improvements, or any city, county, city
17 and county, authority, district, or public corporation of this state.

18 (g) “*Proposition 1A receivable*” means the right to payment of
19 moneys due or to become due to a local agency, pursuant to clause
20 (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of
21 Section 25.5 of Article XIII of the California Constitution and
22 Section 100.06 of the Revenue and Taxation Code.

23 ~~(g)~~

24 (h) “Public capital improvements” means one or more projects
25 specified in Section 6546.

26 ~~(h)~~

27 (i) “Revenue” means all income and receipts of the authority
28 from a bond purchase agreement, bonds acquired by the authority,
29 loans, installment sale agreements, and other revenue-producing
30 agreements entered into by the authority, projects financed by the
31 authority, grants and other sources of income, VLF receivables
32 purchased pursuant to Section 6588.5, *Proposition 1A receivables*
33 *purchased pursuant to Section 6588.6*, and all interest or other
34 income from any investment of any money in any fund or account
35 established for the payment of principal or interest or premiums
36 on bonds.

37 ~~(i)~~

38 (j) “VLF receivable” means the right to payment of moneys due
39 or to become due to a local agency out of funds payable in

1 connection with vehicle license fees to a local agency pursuant to
2 Section 10754.11 of the Revenue and Taxation Code.

3 (j)

4 (k) “Working capital” means money to be used by, or on behalf
5 of, a local agency for any purpose for which a local agency may
6 borrow money pursuant to Section 53852, or for any purpose for
7 which a VLF receivable *or a Proposition 1A receivable* sold to an
8 authority could have been used by the local agency.

9 *SEC. 3. Section 6588 of the Government Code is amended to*
10 *read:*

11 6588. In addition to other powers specified in an agreement
12 pursuant to Article 1 (commencing with Section 6500) and Article
13 2 (commencing with Section 6540), the authority may do any or
14 all of the following:

15 (a) Adopt bylaws for the regulation of its affairs and the conduct
16 of its business.

17 (b) Sue and be sued in its own name.

18 (c) Issue bonds, including, at the option of the authority, bonds
19 bearing interest, to pay the cost of any public capital improvement,
20 working capital, or liability or other insurance program. In addition,
21 for any purpose for which an authority may execute and deliver
22 or cause to be executed and delivered certificates of participation
23 in a lease or installment sale agreement with any public or private
24 entity, the authority, at its option, may issue or cause to be issued
25 bonds, rather than certificates of participation, and enter into a
26 loan agreement with the public or private entity.

27 (d) Engage the services of private consultants to render
28 professional and technical assistance and advice in carrying out
29 the purposes of this article.

30 (e) As provided by applicable law, employ and compensate
31 bond counsel, financial consultants, and other advisers determined
32 necessary by the authority in connection with the issuance and sale
33 of any bonds.

34 (f) Contract for engineering, architectural, accounting, or other
35 services determined necessary by the authority for the successful
36 development of a public capital improvement.

37 (g) Pay the reasonable costs of consulting engineers, architects,
38 accountants, and construction, land-use, recreation, and
39 environmental experts employed by any sponsor or participant if

1 the authority determines those services are necessary for the
2 successful development of public capital improvements.

3 (h) Take title to, and sell by installment sale or otherwise, lands,
4 structures, real or personal property, rights, rights-of-way,
5 franchises, easements, and other interests in lands that are located
6 within the state that the authority determines are necessary or
7 convenient for the financing of public capital improvements, or
8 any portion thereof.

9 (i) Receive and accept from any source, loans, contributions,
10 or grants, in either money, property, labor, or other things of value,
11 for, or in aid of, the construction financing, or refinancing of public
12 capital improvement, or any portion thereof or for the financing
13 of working capital or insurance programs, or for the payment of
14 the principal of and interest on bonds if the proceeds of those bonds
15 are used for one or more of the purposes specified in this section.

16 (j) Make secured or unsecured loans to any local agency in
17 connection with the financing of capital improvement projects,
18 working capital or insurance programs in accordance with an
19 agreement between the authority and the local agency. However,
20 no loan shall exceed the total cost of the public capital
21 improvements, working capital or insurance needs of the local
22 agency as determined by the local agency and by the authority.

23 (k) Make secured or unsecured loans to any local agency in
24 accordance with an agreement between the authority and the local
25 agency to refinance indebtedness incurred by the local agency in
26 connection with public capital improvements undertaken and
27 completed.

28 (l) Mortgage all or any portion of its interest in public capital
29 improvements and the property on which any project is located,
30 whether owned or thereafter acquired, including the granting of a
31 security interest in any property, tangible or intangible.

32 (m) Assign or pledge all or any portion of its interests in
33 mortgages, deeds of trust, indentures of mortgage or trust, or
34 similar instruments, notes, and security interests in property,
35 tangible or intangible, of a local agency to which the authority has
36 made loans, and the revenues therefrom, including payment or
37 income from any interest owned or held by the authority, for the
38 benefit of the holders of bonds issued to finance public capital
39 improvements. The pledge of moneys, revenues, accounts, contract
40 rights, or rights to payment of any kind made by or to the authority

1 pursuant to the authority granted in this part shall be valid and
2 binding from the time the pledge is made for the benefit of the
3 pledgees and successors thereto, against all parties irrespective of
4 whether the parties have notice of the claim.

5 (n) Lease the public capital improvements being financed to a
6 local agency, upon terms and conditions that the authority deems
7 proper; charge and collect rents therefor; terminate any lease upon
8 the failure of the lessee to comply with any of the obligations of
9 the lease; include in any lease provisions that the lessee shall have
10 options to renew the lease for a period or periods, and at rents as
11 determined by the authority; purchase or sell by an installment
12 agreement or otherwise any or all of the public capital
13 improvements; or, upon payment of all the indebtedness incurred
14 by the authority for the financing or refinancing of the public
15 capital improvements, the authority may convey any or all of the
16 project to the lessee or lessees.

17 (o) Charge and apportion to local agencies that benefit from its
18 services the administrative costs and expenses incurred in the
19 exercise of the powers authorized by this article. These fees shall
20 be set at a rate sufficient to recover, but not exceed, the authority's
21 costs of issuance and administration. The fee charged to each local
22 obligation acquired by the pool shall not exceed that obligation's
23 proportionate share of those costs. The level of these fees shall be
24 disclosed to the California Debt and Investment Advisory
25 Commission pursuant to Section 6599.1.

26 (p) Issue, obtain, or aid in obtaining, from any department or
27 agency of the United States or of the state, or any private company,
28 any insurance or guarantee to, or for, the payment or repayment
29 of interest or principal, or both, or any part thereof, on any loan,
30 lease, or obligation or any instrument evidencing or securing the
31 same, made or entered into pursuant to this article.

32 (q) Notwithstanding any other provision of this article, enter
33 into any agreement, contract, or any other instrument with respect
34 to any insurance or guarantee; accept payment in the manner and
35 form as provided therein in the event of default by a local agency;
36 and assign any insurance or guarantee that acts as security for the
37 authority's bonds.

38 (r) Enter into any agreement or contract, execute any instrument,
39 and perform any act or thing necessary, convenient, or desirable
40 to carry out any power authorized by this article.

(s) Invest any moneys held in reserve or sinking funds, or any moneys not required for immediate use or disbursement, in obligations that are authorized by law for the investment of trust funds.

(t) At the request of affected local agencies, combine and pledge revenues to public capital improvements for repayment of one or more series of bonds issued pursuant to this article.

(u) Delegate to any of its individual parties or other responsible individuals the power to act on its behalf subject to its general direction, guidelines, and oversight.

(v) Purchase, with the proceeds of its bonds or its revenue, bonds issued by any local agency at public or negotiated sale. Bonds purchased pursuant to this subdivision may be held by the authority or sold to public or private purchasers at public or negotiated sale, in whole or in part, separately or together with other bonds issued by the authority.

(w) Purchase, with the proceeds of its bonds or its revenue, VLF receivables sold to the authority pursuant to Section 6588.5. VLF receivables so purchased may be pledged to the payment of bonds issued by the authority or may be resold to public or private purchasers at public or negotiated sale, in whole or in part, separately or together with other VLF receivables purchased by the authority.

(x) (1) *Purchase, with the proceeds of its bonds or its revenue, Proposition 1A receivables pursuant to Section 6588.6. Proposition 1A receivables so purchased may be pledged to the payment of bonds issued by the authority or may be resold to public or private purchasers at public or negotiated sales, in whole or in part, separately or together with other Proposition 1A receivables purchased by the authority.*

(2) *All entities subject to a reduction of ad valorem property tax revenues required under Section 100.06 of the Revenue and Taxation Code pursuant to the suspension set forth in Section 100.05 of the Revenue and Taxation Code shall be afforded the opportunity to sell their Proposition 1A receivables to the authority. If these entities offer Proposition 1A receivables to the authority for purchase, the authority shall purchase all Proposition 1A receivables so offered to the extent it can sell bonds therefor. If the authority does not purchase all Proposition 1A receivables offered, it shall purchase a pro rata share of each entity's offered*

1 *Proposition 1A receivables. The authority may establish a deadline,*
2 *no earlier than 90 days after the operative date of this section, by*
3 *which these entities shall offer their Proposition 1A receivables*
4 *for sale to the authority and complete the application required by*
5 *the authority.*

6 *(3) For purposes of meeting costs incurred in performing its*
7 *duties relative to the purchase and sale of Proposition 1A*
8 *receivables, the authority shall be authorized to charge a fee to*
9 *each entity from which it purchases a Proposition 1A receivable.*
10 *The fee shall be computed based on the percentage value of the*
11 *Proposition 1A receivable purchased from each entity, in relation*
12 *to the value of all Proposition 1A receivables purchased by the*
13 *authority. The amount of the fee shall be paid from the proceeds*
14 *of the bonds and shall be included in the principal amount of the*
15 *bonds.*

16 *(4) Terms and conditions of any and all fees and expenses*
17 *charged by the authority, or those it contracts with, and the terms*
18 *and conditions of sales of Proposition 1A receivables and bonds*
19 *issued pursuant to this subdivision shall be approved by the*
20 *Treasurer and the Director of Finance, who shall not unreasonably*
21 *withhold their approval. The aggregate principal amount of all*
22 *bonds issued pursuant to this subdivision shall not exceed two*
23 *billion two hundred fifty million dollars (\$2,250,000,000), and the*
24 *rate of interest paid on those bonds shall not exceed 8 percent per*
25 *annum. The authority shall exercise its best efforts to obtain the*
26 *lowest cost financing possible. Any and all premium obtained shall*
27 *be deposited in a trust account that is pledged to bondholders and*
28 *shall be used solely for the payment of interest on, or for repayment*
29 *of, the bonds.*

30 ~~(x)~~

31 *(y) Set any other terms and conditions on any purchase or sale*
32 *pursuant to this section as it deems by resolution to be necessary,*
33 *appropriate, and in the public interest, in furtherance of the*
34 *purposes of this article.*

35 *SEC. 4. Section 6588.6 is added to the Government Code, to*
36 *read:*

37 *6588.6. (a) An authority that was in existence at the time of*
38 *the enactment of this section may purchase, with the proceeds of*
39 *its bonds or its revenue, Proposition 1A receivables from one or*
40 *more local agencies. The authority may pledge, assign, resell, or*

1 otherwise transfer or hypothecate any Proposition 1A receivables
2 for the purpose of securing bonds issued to finance the purchase
3 price of the Proposition 1A receivables.

4 (b) Notwithstanding any other law, local agencies may sell
5 Proposition 1A receivables to the authority and enter into one or
6 more sales agreements with an authority as, and on the terms, the
7 local agency deems appropriate. The sales agreement may include
8 covenants of, and binding on, the local agency as necessary to
9 establish and maintain the security of bonds issued by the authority
10 for the purpose of purchasing the Proposition 1A receivables and,
11 if applicable, the exclusion from gross income of interest on the
12 bonds for federal income tax purposes. Any transfer of some or
13 all of a Proposition 1A receivable by a local agency to the authority
14 under this article that the governing documents state is a sale shall
15 be treated as an absolute sale and transfer of the property so
16 transferred to the authority and not as a pledge or grant of a
17 security interest by the local agency to secure a borrowing. The
18 characterization of the transfer of any Proposition 1A receivable
19 as an absolute sale by the local agency shall not be negated or
20 adversely affected by any of the following:

21 (1) The fact that only a portion of the Proposition 1A receivable
22 is transferred.

23 (2) By the local agency's acquisition of an ownership interest
24 in any residual interest or a subordinate interest in the Proposition
25 1A receivable.

26 (3) By any characterization of the authority or its bonds for
27 purposes of accounting, taxation, or securities regulation.

28 (4) By any other factor.

29 (c) On and after the effective date of each transfer of a
30 Proposition 1A receivable under this article that the governing
31 documents state is a sale, the local agency shall have no right,
32 title, or interest in or to the Proposition 1A receivable transferred,
33 and the Proposition 1A receivable so transferred shall be the
34 property of the authority and not of the local agency, and shall be
35 owned, received, held, and disbursed only by the authority or any
36 trustee or agent of the authority appointed by the authority. Any
37 sale of some or all of any Proposition 1A receivable shall
38 automatically be perfected without the need for physical delivery,
39 recordation, filing, or further act, and the provisions of Division
40 9 (commencing with Section 9101) of the Commercial Code and

1 *Sections 954.5 to 955.1, inclusive, of the Civil Code shall not apply*
2 *to the sale. None of the Proposition 1A receivables sold by the*
3 *local agency pursuant to this article shall be subject to*
4 *garnishment, levy, execution, attachment, or other process, writ,*
5 *including, but not limited to, a writ of mandate, or remedy in*
6 *connection with the assertion or enforcement of any debt, claim,*
7 *settlement, or judgment against the local agency. On or before the*
8 *effective date of any sale of a Proposition 1A receivable, the local*
9 *agency shall notify the Controller that the Proposition 1A*
10 *receivable has been sold to the authority and irrevocably instruct*
11 *the payer that, as of the effective date, payments on the Proposition*
12 *1A receivable so sold are to be made directly to the authority or*
13 *any trustee or agent appointed by the authority.*

14 *(d) The state hereby covenants, for the benefit of the holders of*
15 *any bonds issued by the authority pursuant to this article payable*
16 *from Proposition 1A receivables purchased by the authority, that*
17 *it will not take any action that would materially adversely affect*
18 *the interest of the holders of these bonds or otherwise impair the*
19 *security of these bonds, so long as any of these bonds remain*
20 *outstanding.*

21 *SEC. 5. Section 6590 of the Government Code is amended to*
22 *read:*

23 *6590. The authority may, from time to time, issue its bonds in*
24 *the principal amount as the authority determines necessary to*
25 *provide sufficient funds for its purposes, which may include, but*
26 *shall not be limited to, providing funds for bond purchase*
27 *agreements, payment of the purchase price of VLF receivables,*
28 *payment of the purchase price of Proposition 1A receivables,*
29 *payment of interest on bonds of the authority, establishment of*
30 *reserves to secure the bonds, and other expenditures of the authority*
31 *incident to issuance of the bonds. The authority may also issue*
32 *bonds for the purpose of making loans to local agencies, to the*
33 *extent those local agencies are authorized by law to borrow*
34 *moneys, or to purchase VLF receivables from local agencies as*
35 *provided in Section 6588.5, or to purchase Proposition 1A*
36 *receivables as provided in Section 6588.6, and the loan or sale*
37 *proceeds shall be used by the local agencies to pay for public*
38 *capital improvements, working capital, or insurance programs.*
39 *The aggregate principal amount of all bonds issued pursuant to*
40 *this section that are backed by Proposition 1A receivables shall*

1 *not exceed two billion two hundred fifty million dollars*
2 *(\$2,250,000,000), and that issuance shall be approved by the*
3 *Department of Finance and the Treasurer.*

4 In the case of any authority in existence on January 1, 1988, no
5 loans shall be made to local agencies for working capital or
6 insurance, unless that purpose is first approved by resolution of
7 the governing body of the authority by unanimous vote of all
8 members of the governing body.

9 *SEC. 6. Section 6591 of the Government Code is amended to*
10 *read:*

11 6591. (a) The authority is authorized from time to time to issue
12 bonds to provide funds to achieve its purposes.

13 (b) Bonds may be authorized to finance a single public capital
14 improvement, working capital, purchase of VLF receivables,
15 *purchase of Proposition 1A receivables*, or insurance program for
16 a single local agency; a series of public capital improvements,
17 working capital, purchases of VLF receivables, *purchase of*
18 *Proposition 1A receivables*, or insurance program for a single local
19 agency; a single public capital improvement, working capital,
20 *purchases of Proposition 1A receivables*, or purchases of VLF
21 receivables, insurance program for two or more local agencies; or
22 a series of public capital improvements, working capital, purchases
23 of VLF receivables, *purchases of Proposition 1A receivables*,
24 insurance programs for two or more local agencies.

25 (c) Bonds issued for the purpose of financing working capital
26 shall be used to make loans to local agencies for any of the
27 purposes for which a local agency may borrow money pursuant
28 to Section 53852. The loans shall be repaid in accordance with the
29 terms of Section 53854.

30 (d) Except as otherwise expressly provided by the authority,
31 every issue of its bonds shall be general obligations of the authority
32 payable from any revenues or moneys of the authority available
33 therefor and not otherwise pledged. These revenues or moneys
34 may include the proceeds of additional bonds, subject only to any
35 agreements with the holders of particular bonds pledging any
36 particular revenues or moneys. Notwithstanding that the bonds
37 may be payable from a special fund, these bonds shall be deemed
38 to be negotiable instruments for all purposes, subject only to the
39 bond registration provisions.

(e) (1) The bonds may be issued as serial bonds or as term bonds, or the authority may issue bonds of both types. The bonds shall be authorized by resolution of the authority and shall, as provided by the resolution or indenture pursuant to which the bonds are issued, bear the date of issuance; the time of maturity, not exceeding 50 years from their date of issuance; bear the rate of interest, either fixed or variable, and, if variable, not in excess of the maximum rate of interest specified therein; be payable as to principal and interest at the time or times provided; be in the denominations provided; be in the form provided; carry the registration privileges provided; be executed in the manner provided; be payable in lawful money of the United States at the place or places provided within or without the state; and be subject to the terms of redemption provided.

(2) *The authority shall provide for at least two but no more than three callable dates, as approved by the Department of Finance, for bonds backed by Proposition 1A receivables, with one callable date in the 2010–11 fiscal year and one callable date in the 2011–12 fiscal year.*

(3) *Notwithstanding paragraph (1), the bonds shall have a maturity date no later than 40 months from the date of issuance.*

(4) *The option to call shall be exercised upon receipt by the authority of a timely written notification from the Director of Finance, but no earlier than 30 days after delivery by the director of a written notice of the intent to do so to the Joint Legislative Budget Committee.*

(f) The bonds shall be sold by the authority at the time and in the manner set out in the authority's resolution. The sale may be a public or private sale, and for price or prices, and on terms and conditions as the authority determines proper, after giving due consideration to the recommendations of any local agency to be assisted from the proceeds of the bonds. Pending preparation of the definitive bonds, the authority may issue interim receipts, certificates, or temporary bonds which shall be exchanged for definitive bonds. *For bonds backed by Proposition 1A receivables, the authority shall use its best efforts to obtain the lowest overall cost of the bonds, and shall certify that it so used its best efforts. The authority shall, in consultation with the Treasurer and Department of Finance, structure the sale of the bonds backed by Proposition 1A receivables and shall include those terms and*

1 *conditions approved by the Treasurer and the Department of*
2 *Finance.*

3 (g) In the case of bonds issued by an authority, on or after
4 January 1, 1995, for the purpose of purchasing bonds of a local
5 agency, all of the bonds of the local agency shall be purchased by
6 the authority from the proceeds of the authority bonds within 90
7 days of the date of issuance of the authority bonds. Nothing in this
8 subdivision shall be construed to preclude an authority from issuing
9 parity bonds at any time.

10 *SEC. 7. Section 6592 of the Government Code is amended to*
11 *read:*

12 6592. Any resolution authorizing any bonds or any issue of
13 bonds may contain the following provisions, which shall be a part
14 of the contract with the holders of the bonds to be authorized:

15 (a) Provisions pledging the full faith and credit of the authority,
16 or pledging all or any part of the revenues of any public capital
17 improvements, or any revenue-producing contract or contracts
18 made by the authority with any local agency, any VLF receivables
19 purchased pursuant to Section 6588.5, *any Proposition 1A*
20 *receivables purchased pursuant to Section 6588.6*, or any other
21 moneys of the authority, to secure the payment of the bonds, and
22 of any special account, subject to those agreements with
23 bondholders as may then exist.

24 (b) Provisions setting out the rentals, fees, purchase payments,
25 loan repayments, and other charges, and the amounts to be raised
26 in each year thereby, and the use and disposition of the revenues.

27 (c) Provisions setting aside reserves or sinking funds, and the
28 regulation and disposition thereof.

29 (d) Limitations on the right of the authority or its agent to restrict
30 and regulate the use of the public capital improvements to be
31 financed out of the proceeds of the bonds or any particular issue
32 of bonds.

33 (e) Limitations on the purpose to which the proceeds of sale of
34 any issue of bonds may be applied, and pledging the proceeds to
35 secure the payment of the bonds or any issue of the bonds.

36 (f) Limitations on the issuance of additional bonds, the terms
37 upon which additional bonds may be issued and secured, and the
38 refunding of outstanding bonds.

39 (g) The procedure, if any, by which the terms of any contract
40 with bondholders may be amended or abrogated, the amount of

bonds and the holders thereof that are required to give consent thereto, and the manner in which the consent may be given.

(h) Limitations on expenditures for operating, administrative, or other expenses of the authority.

(i) Definitions of acts or omissions to act which constitute a default in the duties of the authority to holders of its obligations, and providing the rights and remedies of the holders in the event of a default.

(j) The mortgaging of any public capital improvements and the site thereof for the purpose of securing the bondholders.

(k) The mortgaging of land, improvements, or other assets owned by a local agency for the purpose of securing the bondholders.

(l) Procedures for the selection of public capital improvements to be financed with the proceeds of the bonds authorized by the resolution, if the bonds are to be sold in advance of designating the public capital improvements and the local agency to receive the financing.

SEC. 8. Section 6599.3 of the Government Code is amended to read:

6599.3. Notwithstanding any other provision of law, an action may be brought under Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, to determine the validity of any bonds issued under this article to finance the purchase of bonds for local agencies, the financing of public capital improvements, or the purchase of VLF receivables pursuant to Section 6588.5 *or Proposition 1A receivables pursuant to Section 6588.6* and any contracts of sale of VLF receivables *or Proposition 1A receivables* entered into by any local agency, and any related documents. If an action is commenced, the action shall be brought in the jurisdiction in which the authority maintains its principal office and is not required to be brought in the jurisdiction or jurisdictions of any of the local agencies. However, publication of summons, as provided in Section 861 of the Code of Civil Procedure, shall be made in the county in which the authority maintains its principal office and in each county in which any local agency that has sold bonds to the authority, for which a public capital improvement is being financed or that has entered into a sales agreement for a VLF receivable *or a Proposition 1A receivable* where the authority is located.

1 *SEC. 9. Section 33681.12 of the Health and Safety Code is*
2 *amended to read:*

3 33681.12. (a) (1) During the 2004–05 fiscal year, a
4 redevelopment agency shall, prior to May 10, remit an amount
5 equal to the amount determined for that agency pursuant to
6 subparagraph (I) of paragraph (2) to the county auditor for deposit
7 in the county’s Educational Revenue Augmentation Fund created
8 pursuant to Article 3 (commencing with Section 97) of Chapter 6
9 of Part 0.5 of Division 1 of the Revenue and Taxation Code. During
10 the 2005–06 fiscal year, a redevelopment agency shall, prior to
11 May 10, remit an amount equal to the amount determined for that
12 agency pursuant to subparagraph (I) of paragraph (2) to the county
13 auditor for deposit in the county’s Educational Revenue
14 Augmentation Fund created pursuant to Article 3 (commencing
15 with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the
16 Revenue and Taxation Code.

17 (2) For the 2004–05 and 2005–06 fiscal years, on or before
18 November 15, the Director of Finance shall do all of the following:

19 (A) Determine the net tax increment apportioned to each agency
20 pursuant to Section 33670, excluding any amounts apportioned to
21 affected taxing agencies pursuant to Section 33401, 33607.5, or
22 33676.

23 (B) Determine the net tax increment apportioned to all agencies
24 pursuant to Section 33670, excluding any amounts apportioned to
25 affected taxing agencies pursuant to Section 33401, 33607.5, or
26 33676.

27 (C) Determine a percentage factor by dividing one hundred
28 twenty-five million dollars (\$125,000,000) by the amount
29 determined pursuant to subparagraph (B).

30 (D) Determine an amount for each agency by multiplying the
31 amount determined pursuant to subparagraph (A) by the percentage
32 factor determined pursuant to subparagraph (C).

33 (E) Determine the total amount of property tax revenue
34 apportioned to each agency pursuant to Section 33670, including
35 any amounts apportioned to affected taxing agencies pursuant to
36 Section 33401, 33607.5, or 33676.

37 (F) Determine the total amount of property tax revenue
38 apportioned to all agencies pursuant to Section 33670, including
39 any amounts apportioned to affected taxing agencies pursuant to
40 Section 33401, 33607.5, or 33676.

1 (G) Determine a percentage factor by dividing one hundred
2 twenty-five million dollars (\$125,000,000) by the amount
3 determined pursuant to subparagraph (F).

4 (H) Determine an amount for each agency by multiplying the
5 amount determined pursuant to subparagraph (E) by the percentage
6 factor determined pursuant to subparagraph (G).

7 (I) Add the amount determined pursuant to subparagraph (D)
8 to the amount determined pursuant to subparagraph (H).

9 (J) Notify each agency and each legislative body of the amount
10 determined pursuant to subparagraph (I).

11 (K) Notify each county auditor of the amounts determined
12 pursuant to subparagraph (I) for each agency in his or her county.

13 (3) The obligation of any agency to make the payments required
14 pursuant to this subdivision shall be subordinate to the lien of any
15 pledge of collateral securing, directly or indirectly, the payment
16 of the principal, or interest on any bonds of the agency including,
17 without limitation, bonds secured by a pledge of taxes allocated
18 to the agency pursuant to Section 33670.

19 (b) (1) Notwithstanding Sections 33334.2, 33334.3, and
20 33334.6, and any other provision of law, in order to make the full
21 allocation required by this section, an agency may borrow up to
22 50 percent of the amount required to be allocated to the Low and
23 Moderate Income Housing Fund pursuant to Sections 33334.2,
24 33334.3, and 33334.6 during the 2004–05 fiscal year and, if
25 applicable, the 2005–06 fiscal year, unless executed contracts exist
26 that would be impaired if the agency reduced the amount allocated
27 to the Low and Moderate Income Housing Fund pursuant to the
28 authority of this subdivision.

29 (2) As a condition of borrowing pursuant to this subdivision,
30 an agency shall make a finding that there are insufficient other
31 moneys to meet the requirements of subdivision (a). Funds
32 borrowed pursuant to this subdivision shall be repaid in full within
33 10 years following the date on which moneys are remitted to the
34 county auditor for deposit in the county's Educational Revenue
35 Augmentation Fund pursuant to subdivision (a).

36 (c) In order to make the allocation required by this section, an
37 agency may use any funds that are legally available and not legally
38 obligated for other uses, including, but not limited to, reserve funds,
39 proceeds of land sales, proceeds of bonds or other indebtedness,
40 lease revenues, interest, and other earned income. No moneys held

1 in a low- and moderate-income fund as of July 1 of the applicable
2 fiscal year may be used for this purpose.

3 (d) The legislative body shall by March 1 report to the county
4 auditor as to how the agency intends to fund the allocation required
5 by this section, or that the legislative body intends to remit the
6 amount in lieu of the agency pursuant to Section 33681.14.

7 (e) The allocation obligations imposed by this section, including
8 amounts owed, if any, created under this section, are hereby
9 declared to be an indebtedness of the redevelopment project to
10 which they relate, payable from taxes allocated to the agency
11 pursuant to Section 33670, and shall constitute an indebtedness of
12 the agency with respect to the redevelopment project until paid in
13 full.

14 (f) It is the intent of the Legislature, in enacting this section,
15 that these allocations directly or indirectly assist in the financing
16 or refinancing, in whole or in part, of the community's
17 redevelopment project pursuant to Section 16 of Article XVI of
18 the California Constitution.

19 (g) In making the determinations required by subdivision (a),
20 the Director of Finance shall use those amounts reported as the
21 "Tax Increment Retained by Agency" for all agencies and for each
22 agency in the most recent published edition of the Controller's
23 Community Redevelopment Agencies Annual Report made
24 pursuant to Section 12463.3 of the Government Code.

25 (h) If revised reports have been accepted by the Controller on
26 or before September 1, 2005, the Director of Finance shall use
27 appropriate data that has been certified by the Controller for the
28 purpose of making the determinations required by subdivision (a).

29 (i) (1) Notwithstanding any other provision of law, a county
30 redevelopment agency may enter into a loan agreement with the
31 legislative body to have the agency remit to the county's
32 Educational Revenue Augmentation Fund for each of the 2004–05
33 and 2005–06 fiscal years an amount greater than that determined
34 pursuant to subparagraph (I) of paragraph (2) of subdivision (a)
35 *or, for the 2009–10 fiscal year, to have the agency remit to the*
36 *county auditor on the county's behalf all or a portion of the*
37 *reduction amount determined for the county under Section 100.06*
38 *of the Revenue and Taxation Code, if, in either instance, all of the*
39 following conditions are met:

1 (A) The agency does not exercise its authority under subdivision
2 (b) to borrow from its Low and Moderate Income Housing Fund
3 to finance its payments to the county's Educational Revenue
4 Augmentation Fund *or to the county auditor*.

5 (B) The agency does not have any outstanding loans from its
6 Low and Moderate Income Housing Fund that were made under
7 subdivision (b) of Section 33981.5, subdivision (b) of Section
8 33681.7, or subdivision (b) of Section 33681.9.

9 (C) The loan agreement requires the county to repay any excess
10 remitted amounts *or amounts paid to the county auditor on the*
11 *county's behalf in the 2009–10 fiscal year*, including interest, to
12 the agency within three fiscal years subsequent to the fiscal year
13 in which the loan is made.

14 (D) The agency making the loan does not participate in pooled
15 borrowing under Section 33681.15.

16 (2) A loan agreement described in paragraph (1) shall be
17 transmitted to the county auditor not later than December 1 of the
18 fiscal year in which the loan is made. Any amount remitted by the
19 agency to the county Educational Revenue Augmentation Fund
20 for the 2004–05 or 2005–06 fiscal year in excess of the amount
21 determined pursuant to paragraph (1) of subdivision (a) shall be
22 credited to the amount that would otherwise be subtracted by the
23 county auditor pursuant to subdivision (a) of Section 97.71 of the
24 Revenue and Taxation Code for, as applicable, the 2004–05 and
25 2005–06 fiscal years.

26 (3) Notwithstanding subparagraph (C) of paragraph (1), a county
27 redevelopment agency and a legislative body that have entered
28 into a loan agreement *for the 2004–05 or 2005–06 fiscal year* under
29 paragraph (1) may, by mutual consent, adopt either or both of the
30 following modifications to that agreement:

31 (A) The repayment period may be extended, but the full
32 repayment shall be completed no later than June 30, 2021.

33 (B) The repayment obligation may be offset by the amount of
34 any expenditures by the county for capital improvements or
35 deferred maintenance that substantially benefit any or all of the
36 redevelopment project areas of the redevelopment agency if the
37 agency approves the expenditure and the agency adopts a finding
38 that the expenditure furthers the goals and objectives of the
39 agency's redevelopment plan or plans.

1 *SEC. 10. Section 100.06 is added to the Revenue and Taxation*
2 *Code, to read:*

3 *100.06. (a) In accordance with the suspension under Section*
4 *100.05 of the Revenue and Taxation Code of subparagraph (A) of*
5 *paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of*
6 *the California Constitution, the county auditor shall, for the*
7 *2009–10 fiscal year, do both of the following:*

8 *(1) (A) Except as otherwise provided in subparagraph (B) and*
9 *subdivision (b), reduce the total amount of ad valorem property*
10 *tax revenue otherwise required to be apportioned to a city, county,*
11 *city and county, or a special district by 8 percent of the total*
12 *amount of ad valorem property tax revenue apportioned to that*
13 *local agency for the 2008–09 fiscal year.*

14 *(B) For purposes of calculating the amount of an 8-percent*
15 *reduction required by subparagraph (A), any amount required to*
16 *be paid or allocated to a city, county, or city and county under*
17 *Section 97.68 or 97.70 for the 2008–09 fiscal year is included in*
18 *determining the total amount of property tax revenue apportioned*
19 *to that local agency for that fiscal year. A reduction made pursuant*
20 *to this paragraph shall not, however, be made from any amount*
21 *that is to be apportioned to a city, county, or city and county as a*
22 *result of Section 97.68.*

23 *(2) Transfer to the Supplemental Revenue Augmentation Fund,*
24 *hereby established in the county treasury for administration by*
25 *the county office of education as provided in subdivision (c), an*
26 *amount equal in the aggregate to that portion of the total amount*
27 *of reductions required by paragraph (1). The aggregate amount*
28 *of transfers required by this paragraph shall be made in two equal*
29 *shares, with the first share being transferred no later than January*
30 *15, 2010, and the second share being transferred after that date*
31 *but no later than May 1, 2010.*

32 *(b) (1) Upon written request by a local agency that is received*
33 *no later than October 15, 2009, the Director of Finance may, on*
34 *the basis of extreme hardship, decrease the reduction amount that*
35 *would otherwise be applied to that local agency under subdivision*
36 *(a). In evaluating a written request for a decrease, the Director*
37 *of Finance may consider factors including, but not limited to, all*
38 *of the following:*

39 *(A) Whether the requesting local agency is the subject of a*
40 *current bankruptcy proceeding, or whether incurring the full*

1 *reduction amount otherwise required by subdivision (a) would*
2 *likely cause the local agency to seek bankruptcy protection.*

3 *(B) Whether the requesting local agency has any financial*
4 *reserves, and whether incurring the full reduction amount*
5 *otherwise required by subdivision (a) would impair the ability of*
6 *the local agency to provide a basic level of core public services.*

7 *(2) (A) If the Director of Finance approves a request made*
8 *pursuant to paragraph (1), he or she shall, by November 15, 2009,*
9 *certify to the auditor of the county in which the requesting local*
10 *agency is located, the amount of a decrease in the reduction*
11 *otherwise to be incurred by the requesting local agency pursuant*
12 *to subdivision (a). The amount of that decrease shall be applied*
13 *in proportionate shares to increase the reduction amounts under*
14 *subdivision (a) of all other local agencies in the county, so that*
15 *there is no reduction in the aggregate amount of reductions to be*
16 *incurred by local agencies located in the county. The Director of*
17 *Finance may determine that the reduction amount that would*
18 *otherwise be incurred by the requesting local agency under*
19 *subdivision (a) should be decreased to zero. The amount of any*
20 *certified decrease, in whole or in part, of a reduction amount shall*
21 *be based upon the director's evaluation of the factors considered*
22 *with respect to the requesting local agency under paragraph (1)*
23 *and the extent to which those factors indicate that the requesting*
24 *local agency should be given relief.*

25 *(B) The Director of Finance may not grant decreases to local*
26 *agencies within a single county that, in the aggregate, total more*
27 *than 10 percent of the combined total of the reduction amounts*
28 *under subdivision (a) for all local agencies in that county.*

29 *(3) (A) Two or more local agencies in a county may agree to*
30 *reallocate exclusively among themselves all or part of their*
31 *reduction amounts otherwise required by subdivision (a). Any*
32 *local agencies entering into an agreement to so reallocate their*
33 *reduction amounts shall, no later than November 15, 2009, notify*
34 *the county auditor of that agreement and the reallocations specified*
35 *in that agreement. The auditor shall thereafter implement*
36 *subdivision (a) with respect to those local agencies in accordance*
37 *with that agreement.*

38 *(B) A county redevelopment agency that will, on behalf of the*
39 *county under Section 33681.12 of the Health and Safety Code, pay*
40 *all or a portion of a reduction amount under subdivision (a) shall*

1 so notify the county auditor by December 1, 2009. The auditor
2 shall thereafter decrease the county's reduction amount by the
3 amount of the payment from the county redevelopment agency to
4 the extent that the payment is received prior to a date by which a
5 transfer is required by paragraph (2) of subdivision (a).

6 (c) (1) Except for those moneys subject to paragraph (3), the
7 moneys in the Supplemental Revenue Augmentation Fund shall be
8 transferred by the county office of education to the Controller, in
9 amounts and for those purposes as directed by the Director of
10 Finance, exclusively to reimburse the state for the costs of
11 providing health care, trial court, correctional, or other
12 state-funded services and costs, until those moneys are exhausted.
13 Moneys in a Supplemental Revenue Augmentation Fund shall be
14 transferred to reimburse only those costs incurred, and the costs
15 of services provided, in the county in which those moneys are
16 collected.

17 (2) (A) Entities of state government, including the
18 Administrative Office of the Courts, that are responsible for the
19 functions funded with moneys transferred pursuant to paragraph
20 (1) shall keep records, as required by the Department of Finance,
21 of expenditures made in the county pursuant to that paragraph,
22 and shall provide to the Department of Finance any information
23 required by the department with respect to those expenditures.

24 (B) Moneys transferred pursuant to paragraph (1) for the
25 funding of trial courts shall reimburse transfers from the state
26 General Fund to the Trial Court Trust Fund.

27 (C) The county office of education shall make a transfer under
28 paragraph (1) within five days of that transfer being directed by
29 the Department of Finance, and shall provide to the Controller,
30 with that transfer, information specifying the purpose of that
31 transfer.

32 (D) Moneys in the Supplemental Revenue Augmentation Fund
33 that are not transferred in a fiscal year and are not subject to
34 paragraph (3) shall be retained in the fund for transfer pursuant
35 to paragraph (1) in a subsequent fiscal year.

36 (3) Any moneys in the Supplemental Revenue Augmentation
37 Fund that are determined by the Director of Finance not to be
38 necessary to fund the provision of state-funded services and costs
39 shall be transferred to the county's Educational Revenue
40 Augmentation Fund, no later than June 1, 2010. Funds transferred

1 to the county's Educational Revenue Augmentation Fund pursuant
2 to this paragraph shall not be apportioned to community college
3 districts. This paragraph shall not be construed to increase any
4 allocations of excess, additional, or remaining funds that would
5 otherwise have been allocated to cities, counties, cities and
6 counties, or special districts pursuant to clause (i) of subparagraph
7 (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause
8 (i) of subparagraph (B) of paragraph (4) of subdivision (d) of
9 Section 97.3 of, or Article 4 (commencing with Section 98) of
10 Chapter 6 of Part 0.5 of Division 1 of, the Revenue and Taxation
11 Code had this section not been enacted.

12 (4) (A) Each county auditor shall report to the Department of
13 Finance the amount of property tax revenue that was transferred
14 from each local agency located in the county to the county's
15 Supplemental Revenue Augmentation Fund. The county auditor
16 first shall report this information on or before January 15, 2010,
17 and then on or before May 15, 2010, and shall provide a copy of
18 each report to each local agency located in the county.

19 (B) When transferring the amounts required by paragraph (1),
20 each county auditor shall also provide the Department of Finance,
21 the Legislative Analyst's Office, and each local agency located in
22 the county with information detailing how each local agency's
23 reduction amount under subdivision (a) was calculated. This
24 information shall first be reported on or before January 15, 2010,
25 and then on or before May 15, 2010.

26 (d) For the 2010–11 fiscal year and each fiscal year thereafter,
27 the county auditor shall apply paragraph (1) of subdivision (a) of
28 Section 96.1, or any successor to that provision, without regard
29 to the changes in property tax revenue apportionments required
30 by this section.

31 (e) (1) In accordance with Section 25.5 of Article XIII of the
32 California Constitution, the state shall, no later than June 30,
33 2013, fully reimburse the revenue reductions incurred pursuant
34 to subdivision (a) in the following amounts determined by the
35 Controller:

36 (A) (i) The amount due to the authority that issued bonds
37 pursuant to Section 6590 of the Government Code to purchase
38 Proposition 1A receivables pursuant to Section 6588.6 of the
39 Government Code shall be paid as follows:

1 (I) *The principal amount of the bonds on the date of the maturity*
2 *or upon call.*

3 (II) *Periodic interest as applicable.*

4 (III) *The accrued interest on the bonds upon call, on the date*
5 *of maturity, or a later date, if repayment does not occur prior to*
6 *the date of maturity.*

7 (ii) *In the event the state fully repays the reduction amounts in*
8 *accordance with paragraph (2) prior to the maturity date of the*
9 *bonds, the payment amount shall be equal to the amount required,*
10 *as shown in a report of an independent certified public accountant*
11 *provided by the authority, to legally defease the bonds.*

12 (B) *The amount due to each local agency that does not sell all*
13 *of its Proposition 1A receivables to an authority described in*
14 *subparagraph (A) shall be the sum of both of the following:*

15 (i) *The unpaid principal amount of the revenue reduction*
16 *incurred by each local agency pursuant to subdivision (a), less*
17 *the amount of the revenue reduction that is attributable to*
18 *Proposition 1A receivables that are sold to an authority described*
19 *in subparagraph (A).*

20 (ii) *Interest on the amount described in clause (i) at a rate, set*
21 *by the Department of Finance no later than 60 days after the*
22 *operative date of this section, that is higher than the rate of interest*
23 *earned by the Pooled Money Investment Account but no greater*
24 *than 6 percent.*

25 (2) *The state may repay the revenue reductions incurred*
26 *pursuant to subdivision (a) before June 30, 2013, upon the order*
27 *of the Director of Finance issued no earlier than 30 days after*
28 *delivery of a written notice of the intent to do so to the Joint*
29 *Legislative Budget Committee.*

30 (3) *The payment of the amounts specified in this subdivision*
31 *shall take priority over all other obligations of the state, excepting*
32 *payments to schools under Article XVI of the California*
33 *Constitution and debt service on general obligation bonds for the*
34 *2012–13 fiscal year. The Controller shall take all prudent means*
35 *within his or her legal discretion to assure that sufficient sums are*
36 *available to pay these amounts and all other obligations of higher*
37 *priority.*

38 (4) *Notwithstanding Section 13340 of the Government Code,*
39 *there is hereby continuously appropriated to the Controller from*

1 *the General Fund, without regard to fiscal year, those amounts*
 2 *sufficient to pay the amounts specified in this subdivision.*

3 *(f) (1) Notwithstanding any other law, if by June 30, 2013, the*
 4 *state has not fully reimbursed each local agency for its revenue*
 5 *reduction incurred pursuant subdivision (a) in the amounts as*
 6 *required by subdivision (e), the issuer of any bonds issued pursuant*
 7 *to subdivision (x) of Section 6588 of the Government Code, or any*
 8 *local agency that did not participate in the sale of Proposition 1A*
 9 *receivables pursuant to paragraph (2) of subdivision (x) of Section*
 10 *6588 of the Government Code, may seek a writ of mandamus to*
 11 *compel the Controller to fully pay the amounts the state is obligated*
 12 *to pay under subdivision (e). A petition seeking a writ of mandamus*
 13 *pursuant to this subdivision, and any appellate proceedings arising*
 14 *from that action, shall have priority and preference in setting and*
 15 *review in furtherance of the repayment deadline mandated by*
 16 *Section 25.5 of Article XIII of the California Constitution. A*
 17 *petition for a writ of mandamus authorized by this subdivision*
 18 *may also be filed in the California Supreme Court pursuant to that*
 19 *court's original jurisdiction described in Section 10 of Article VI*
 20 *of the California Constitution.*

21 *(2) In authorizing an original mandamus petition to the*
 22 *California Supreme Court pursuant to this paragraph, the*
 23 *Legislature finds and declares all of the following:*

24 *(A) The Legislature is expressly required by Section 25.5 of*
 25 *Article XIII of the California Constitution to enact a statute*
 26 *mandating the full and timely repayment, as provided by*
 27 *subdivision (e), of any revenue reduction incurred by a local*
 28 *agency pursuant to subdivision (a) and all accrued interest thereon.*

29 *(B) Full and timely repayment of any revenue reduction incurred*
 30 *by a local agency pursuant to subdivision (a), with interest, is*
 31 *critical to every local agency from which those funds were diverted.*

32 *(C) The Legislature further finds and declares that conclusively*
 33 *determining, no later than the deadline mandated under Section*
 34 *25.5 of Article XIII of the California Constitution, that the state's*
 35 *obligation under subdivision (e) to fully repay any revenue*
 36 *reduction incurred by a local agency pursuant to subdivision (a)*
 37 *and all accrued interest thereon is a matter of vital and urgent*
 38 *public importance.*

39 *SEC. 11. (a) Notwithstanding any other law, a city that has*
 40 *established a reserve for subsidence contingencies may, for the*

1 2009–10 fiscal year only, retain interest earned on that reserve
2 for the previous three calendar years in an amount not to exceed
3 the amount of the revenue reduction incurred by that city pursuant
4 to Section 100.06 of the Revenue and Taxation Code.

5 (b) The Legislature finds and declares that the amounts retained
6 by a city pursuant to subdivision (a) are in excess of trust needs
7 and are free from the public trust for navigation, commerce,
8 fisheries, and any other trust uses and restrictions.

9 (c) A city that has retained an amount under subdivision (a)
10 shall repay to the reserve for subsidence contingencies that amount
11 so retained at the time that city is repaid for its revenue reduction
12 pursuant to Section 100.06 of the Revenue and Taxation Code.
13 Those amounts repaid to the reserve for subsidence contingencies
14 are subject to the public trust and shall be used only for the
15 purposes prescribed by law for the reserve.

16 SEC. 12. If the Commission on State Mandates determines that
17 this act contains costs mandated by the state, reimbursement to
18 local agencies and school districts for those costs shall be made
19 pursuant to Part 7 (commencing with Section 17500) of Division
20 4 of Title 2 of the Government Code.

21 SEC. 13. This act addresses the fiscal emergency declared by
22 the Governor by proclamation on July 1, 2009, pursuant to
23 subdivision (f) of Section 10 of Article IV of the California
24 Constitution.

25 SEC. 14. This act is an urgency statute necessary for the
26 immediate preservation of the public peace, health, or safety within
27 the meaning of Article IV of the Constitution and shall go into
28 immediate effect. The facts constituting the necessity are:

29 In order to address the current, severe state fiscal hardships, it
30 is necessary that this act go into effect immediately.

31 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
32 ~~changes relating to the Budget Act of 2009.~~

33 ~~SEC. 2. This act addresses the fiscal emergency declared by~~
34 ~~the Governor by proclamation on July 1, 2009, pursuant to~~
35 ~~subdivision (f) of Section 10 of Article IV of the California~~
36 ~~Constitution.~~

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